

Making Sense of the Social Aspects of Business Failure

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Declaration

I have read and understood The University of Edinburgh guidelines on Plagiarism and declare that this written dissertation is all my own work except where I indicate otherwise by proper use of quotes and references.

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Ilka Heinze

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Abstract

This study examines the process of entrepreneurial sense-making of business failure in the context of their social environment. Transcripts of semi-structured interviews with six entrepreneurs who experienced business failure were analysed by interpretative phenomenological analysis (IPA). Emergent themes were the entrepreneurs' self incorporating values and motivations, their grief and suffering in the aftermath of failure, feelings of betrayal and frustration, financial worries, learning as the benefit of failure and feelings of liberation. The study illustrates the contextual factors of the entrepreneurs' significant others, such as spouses, parents, siblings or romantic partners who will influence the entrepreneurs' future decision making. The research yielded evidence that entrepreneurs do take into account the feelings and attitudes of their significant others in their decision-making. Furthermore they actively search for benefits from failure in their sense-making. The study has practical implications such as for new and budding entrepreneurs, institutions, organisational and counselling psychologists as well as theoretical implications in the context of qualitative entrepreneurial research.

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1. Introduction and Overview

1.1 Introduction

“Success has many fathers, while failure is an orphan” (Galeazzo Ciano).

When researching failure, studies frequently focused on the positive aspects of failure. Thus, failure is often acclaimed as an important learning experience. This study aims to contribute with a more comprehensive view at what the experience of failure means to entrepreneurs.

There are different definitions of business failure, therefore it is important not to equate failure with business closure (Headd, 2003), which has a broader meaning and involves reasons for the termination of businesses such as retirement or the aspiration to succeed in other activities. Following Cope’s (2011) concept of business failure, this study defines “failure as the termination of a business that has fallen short of its goals” (Cope, 2011, p. 2). Cope not only draws on concepts of failure such as bankruptcy or liquidation, but notes that failure also involves the loss of capital and the inability to carry on with the business, for example due to an unanticipated worsening of the profit situation.

Taking into account the broader definition of business failure, it is more likely that entrepreneurs will experience failure at a certain point in their lives. Podoynitsyna, van der Bij and Song (2011) stress the significance of promoting entrepreneurship because of its role as a driver of economic growth. The authors draw on research carried out by Hyytinen and Ilmakunnas (2007) and reveal that past experience as an entrepreneur can increase the probability of moving from paid employment to entrepreneurship.

Seen in a more general way, failure is always a painful experience. Everybody wants to succeed, nobody likes to fail. As early as in our childhood games we experience failure as an event that naturally leads to loss and sadness - if only for a short period. We all like to talk about successful moments in our lives. But usually we are hesitant to talk about events of failure. That said, it is likely that everybody experiences the hardship of failure at some time during their lifespan. However, the study focuses on a distinctive group: entrepreneurs and their experience of failure. Why is it worth paying attention to this group?

Firstly, for entrepreneurs, failure is not only painful, it is usually damaging too (Whyley, 1998). Worst case the failure will lead to business closure as a result of insolvency, bankruptcy or liquidation. A recent press release from accounting firm KPMG reports that in 2011 in Scotland the number of small companies that went into liquidation rose by 24 % (KPMG, 2011). Therefore, it is worth devoting more attention to how entrepreneurs experience failure and how they make sense of their lived experience of failure.

1.2 Rationale of the Study and Research Aim

Extensive research has been focused on entrepreneurship and successful start-up companies. However, the subject of business failure is a research area that has only recently started to receive serious research attention. Entrepreneurship scholars with an interest in learning theories concentrate their research on learning from failure (see for example Cannon & Edmondson, 2005; Cope, 2003; Cope, Cave & Eccles, 2004). Scholars with an interest in social psychology and personality also look at the event of failure by including the perspective of the person's self and those of important others as well (e. g. Savitsky, Epley & Gilovich, 2001).

However, as Blackburn and Kovalainen (2009) state, there is still a deficit of underpinning qualitative studies in the area of entrepreneurial research. The authors especially mention business closures as a “novel area for research in the field” (Blackburn & Kovalainen, 2009, p. 137). Cope (2011) draws on their appraisal and provides an interpretative phenomenological analysis of entrepreneurial learning from failure. Yet the learning perspective is only one aspect in the process of making sense of business failure, although nevertheless an important one. Furthermore Cope's research is limited to the entrepreneurs' individual sense-making and does not reflect the impact of failure on their social environment; so it therefore does not deal with the social complexity of failure (Cope, 2011).

In response, I propose an alternative approach to examining the event of business failure. By using an interpretative phenomenological analysis my research aims to explore how the failed entrepreneur makes sense of the experience of failure in the context of their social relationships. The research does not merely address the question of how the entrepreneur endures the lived experience of failure. It also examines the question how significant other persons who can be seen as fundamental supports in the entrepreneurs' social environment were affected by the failure and how their reactions did influence the entrepreneurs' own reflection and sense-making.

Paying attention to the narratives of those who experienced business failure may offer beneficial insights for new and budding entrepreneurs as well as for psychologists and counselling psychologists who are engaged in advising in an entrepreneurial environment.

1.3 Overview of the Thesis

This thesis consists of six chapters. The introductory chapter will be followed by a review of convergent literature, examining theories of entrepreneurs and their social embedding, as well as concepts of entrepreneurial failure. The chapter aims to provide sound definitions of the various terminologies that are used throughout the thesis and a thorough assessment of previous research. Chapter 3 outlines the research methodology used in this thesis and discusses the procedures of selecting candidates as well as the approach to research, data collection, and determination of interview style.

The next two chapters, Chapters 4 and 5 form the central part of the thesis and comprise findings of the interview analysis together with a discussion of the findings, and their practical implications. These chapters provide a detailed examination of the reasons of failures among the entrepreneurs and their understanding of those failures.

Finally, Chapter 6 highlights theoretical implications, and discusses limitations of the study as well as suggestions for further research. The chapter concludes by summarizing the research findings and their usefulness in facilitating a comprehensive approach to entrepreneurial sense-making of business failure.

2. A Review of the Literature: Converging Theory

2.1 Introduction

As stated in the introductory chapter the study aims to gather novel findings which reveal how failed entrepreneurs make sense of their lived experience and how reactions of persons from the entrepreneurs' social environment who were affected by the failure influence the sense-making. Therefore the theoretical background which is outlined in this chapter is drawn from publications in the areas of entrepreneurship and psychology. I will start by illustrating main areas of entrepreneurial research and will thereafter turn to the social aspects of entrepreneurship. These sections will be followed by an appraisal of failure-focussed research. The chapter will conclude with a short summary.

2.2 The Entrepreneur - an exceptional person?

When asked to explain the concept of entrepreneurship or the meaning of the word "entrepreneur" most educated adults will be able to provide an appropriate interpretation. However, even today there is no agreed comprehensive definition of the entrepreneur (Mills & Pawson, 2011). Entrepreneurial research that aims to uncover psychological distinctions among entrepreneurs and non-entrepreneurs has been carried out for almost fifty years. In 1961, McClelland proposed that entrepreneurs showed an elevated need for achievement. However, McClelland's explanation was soon criticised (see for example Brockhaus, 1982; Gartner, 1988; Ginzberg and Buchholz, 1989) because of contrary evidence. Due to space restrictions these discussions are clearly beyond the scope of this thesis.

According to Anderson, Drakopoulou Dodd and Jack (2009) the concept of entrepreneurship is often broadly conceived; several definitions exist and are employed in various ways. Furthermore, Mills and Pawson attribute the ambiguity of entrepreneurship to facts such as the development of new meanings over time, and its nature of being socially constructed and trans-nationally contested. The authors state that the most widely used definition of the entrepreneur derives from Carland, Hoy, Boulton and Carland (1984) which emphasises independent business ownership and active management of that business.

Thus, entrepreneurs are persons who are independent, own their business and actively manage it. Why is this group so special that an increasing number of research studies are dedicated to them? First, the field is still in its infancy, yet it can also be categorised as multi-disciplinary with research carried out from different angles such as psychology, sociology, economics, and management. It is therefore challenging for academic research (Rauch & Frese, 2000).

The second reason lies in the entrepreneur and the entrepreneurial experience itself. Morris, Kuratko and Schindehutte (2011) describe entrepreneurship as a temporal experience that is largely unpredictable and uncontrollable. In addition, venture creation is a pulsating, rhythmical experience. Schindehutte, Morris, and Allen (2006) conclude that the intensity of entrepreneurship is created by the personal experience. They state: “The process of transforming a mental construct into a functioning enterprise represents a unique type of human experience. The entrepreneurial experience includes the multiplicity of events to which the individual is exposed as he/she moves through the stages of the entrepreneurial process” (Schindehutte et al., 2006, p. 351).

Furthermore, Morris et al. (2011) take up Valliere and O'Reilly's (2007) analogy between entrepreneurs and mountaineers which demonstrates shared characteristics such as goal setting, resource constraints and risk-taking. Morris et al. (2011) reinforce this comparison by asserting that both mountain-climbing and entrepreneurship are individualistic experiences. They state “The entrepreneur is an active player in the experience—not simply a passenger on a journey across time. He or she is a participant in the formation of reality. It is through the lens of his or her experience that the entrepreneur interprets life events and constructs a sense of self” (Morris et al., 2011, p. 18).

Hence, because of the high proportion of self-determination in creating his or her reality the entrepreneur can be seen as exceptional, and this also applies to the process of sense-making. Last but not least, the importance of entrepreneurship as the driver of economic growth compels research interest. Although by definition entrepreneurs are independent in their decision-making, they do not exist in a vacuum. They are surrounded by and an integral part of their social environment which is influenced by them and which in turn also influences the entrepreneur's life events and his or her construction of self.

2.3 The Entrepreneur and the Social Environment

Rauch and Frese (2000) criticise entrepreneurial research as lacking in issues such as network requirements, cultural requirements, support systems, and government contacts in certain industries and countries. That said there is a paucity of research concentrating on the interplay between the entrepreneur and his or her social environment. Cope (2011) more specifically recommends the application of methods that are capable of dealing with the social complexity of failure. The shortage of context-related research lies in the public understanding of the entrepreneur as an individual. Drakopoulou Dodd and Anderson (2007) argue that considering the dynamics of social conditioning, social interaction and the embedding process may be too complex. Rather, commonsense creates a myth of the heroic individual and therefore the social construction of the entrepreneur is one focusing on the individual.

Additionally, Aldrich and Cliff (2003) recommend including a family embeddedness perspective in entrepreneurship research. The authors maintain that the social institutions of family and business are “unnaturally separated”; their unification would allow for more holistic and more realistic insights into entrepreneurship.

Taking a constructionist perspective, Downing (2005) identifies the narrative processes between entrepreneurs and their stakeholders as a significant but neglected subject of study. The author develops a framework that aims to provide understanding of the interactions between entrepreneurs and stakeholders which together create entrepreneurial identities. Downing suggests future conceptual development of his ideas that could focus on narratives or rhetoric and the reflexion of entrepreneurs and their stakeholders.

The aforementioned theoretical background aims to provide evidence of the importance of entrepreneurial research that focuses on the social embeddedness. The topic’s significance is broadly accepted. However, due to problems with entrepreneurial research in general and also because of the complexity of the social aspects the area is currently under-researched.

2.4 Making Sense of Failure

Entrepreneurship research usually aims to investigate small firms. “Like the weather, small business failure is the subject of much discussion” states Cochran in 1981. He goes on to criticise the paucity of information and lack of data despite the importance of small businesses as an economic driver. Thirty years later the situation has not changed much. The significance of Small and Medium-Sized Enterprises (SMEs) is recognised, the European Union has started to standardize the concept and categorizes companies with less than 10 employees as "micro", those with less than 50 employees as "small", and those with less than 250 as "medium" enterprises. In 2009 SMEs in the United Kingdom accounted for 99.9 % of all enterprises, 59.8 % of private sector employment and 49.0 % of private sector turnover. Turnover in SMEs is estimated at £1,589 billion, with an increase of 5.8 % compared to 2008 (Department for Business, Innovation & Skills, 2010). Still, obtaining data about these enterprises remains a difficult undertaking because of the sector's heterogeneity and lack of resources (Bartholomew & Smith, 2006, Curran & Blackburn 2001). Moreover, most entrepreneurial research focuses on issues linked to the start-up phase of new ventures. The impact of venture failure is less researched and often based on hearsay (Cope, 2011).

Everybody wants to succeed; therefore a wide variety of research aims to study how success can be achieved. Failure is often seen as the opposite of success and so strategies of failure avoidance are proposed as a by-product of success strategies. Thus, Bouchikhi (1993) suggests that entrepreneurship research is biased towards successful individuals. However, the emotional aspect of failure with its accompanying changes in attitude and behaviour is not much investigated. Bower highlights the importance of failure research when stating “If no one studies failure, the fiction that no one failed survives” (Bower, 1990, p. 50). As a result, there is acceptance that an ultimate understanding of business failure remains subtle (Cope, Cave, & Eccles, 2004; McGrath 1999, Zacharakis, Meyer, & DeCastro., 1999). Scott and Lewis state the essential need for “clearer thinking about what ‘failure’ really means and an awareness that more than one perspective is involved: what one sees always depends on where one is standing” (Scott & Lewis, 1984, p. 53).

However, in 2005 a special issue of the journal “Long Range Planning” was dedicated to research in the area of organisational failure. The special issue includes articles by Cannon and Edmondson as well as Baumard and Starbuck that deal with learning from failure.

Additionally, articles by Mellahi as well as Sheppard and Chowdhury look at causes and processes of organisational failure. Among these articles, only Cannon and Edmondson focus additionally on the social aspects of failure. Nonetheless, the journal's special issue recognises the importance of failure research and Wilkinson and Mellahi express in their introduction "We are also aware that we have just scratched the surface of an important phenomenon and there is much more work to be done" (Wilkinson & Mellahi, 2005, p. 237).

2.5 Summary

Since the study aims to gather novel findings with regard to how failed entrepreneurs make sense of their lived experience, while taking the social environment into consideration, the review of the theoretical background can only be carried out in a very universal and general way. The review reveals that entrepreneurial research is vast and ill-defined, and that no common agreement about the concept of entrepreneurship exists. The field is still in its infancy and research is carried out from different viewpoints. However, recent research focuses on how entrepreneurs encounter the lived experience of their entrepreneurial world.

Turning to the social aspects of entrepreneurship, we find a still more problematic area of research. Their complexity seems to deter many scholars from exploring this fascinating field of study. However, some recent articles give hope for the future. The same situation applies for failure-focussed research. Failure seems to be an area where many anecdotes have been recounted but empirical evidence is still in its genesis.

To conclude, the review of the converging literature yields some arguments for carrying out further research, using a methodology that is capable of formulating the right questions and therefore of producing results that enable a deeper understanding of the entrepreneurs' lived experience.

3. Research Methodology

3.1 Research Approach

Over the past decade several academic entrepreneurship journals have dedicated special issues to the area of qualitative entrepreneurial research. As in many other research areas in entrepreneurial and organisational research an overwhelming majority of quantitative studies have been published. Often quantitative research is easily accepted as the standard, agreeing that a finding is a fact, rather than an opinion (Gartner & Birley, 2002). However, entrepreneurship research addresses exceptional persons - entrepreneurs who can be seen as “outliers” in the community (Gartner & Birley, 2002). Therefore, just adding up numbers or calculating mean values does not seem to meet the demands of research with regard to the entrepreneurs’ lived experience. Scholars such as Berglund (2007), Cope (2005) and Seymour (2006) who lead the way in current qualitative entrepreneurial research urge researchers to use philosophical phenomenology and phenomenologically inspired methodologies in the study of entrepreneurship.

The aim of the research was to take a phenomenological hermeneutical view of the lived experience of failure. Lindseth and Norberg (2004) illustrate how the comprehensive understanding of the lived experience reveals new possibilities for being in the world. The research seeks to provide an insight into the process of sense-making after the experience of failure, taking into consideration impact from the social environment from the entrepreneur's perspective. The study was carried out based on the principles of Interpretative Phenomenological Analysis (IPA) developed by Jonathan Smith and colleagues (Smith, Flowers & Larkin, 2009). IPA was chosen as it allows moving beyond the text and interpreting the experience through insights derived from the researcher’s own experience (Harper, 2012). To ensure a sound quality in the study, Smith’s (2011) guidelines “What makes a good IPA paper?” were used as a tool for scrutinizing the research.

3.2 Sample Selection

Smith et al. (2009) recommend a purposive and homogeneous sample. Purposive sampling means that participants are chosen because they bear particular characteristics or experiences (in the case of this study the experience of failure). Deciding about the extent of homogeneity is often a practical problem, especially for research questions where the phenomenon under investigation is rare (Smith et al, 2009).

IPA studies are conducted through the use of small samples. Smith et al. (2009) recommend a sample size between three and six participants. This is because IPA looks for a fine-grained account of the individual experience. As Smith et al. state “The issue is quality, not quantity [...]” (Smith et al., 2009, p. 51). The sample consists of six Scottish entrepreneurs. All participants were in the age range between their early forties and mid-fifties. It should be noted that all names have been changed to preserve anonymity. Participants were identified through personal networks and chain sampling. Table 1 provides short profiles of each participant.

Table 1
Participant profiles

Bert	After an education in Arts, Philosophy and Psychology Bert moved to the US and worked for a non-profit organisation. After a few years he decided to move back to Scotland and to start his first own enterprise. Due to a breach of contract he was forced to close the business down. Thereafter he worked for several organisations as well as starting up other ventures. After his first experience of business failure other ventures he did start failed too. Today he works as a self-employed consultant in venture capital.
Emily	Emily joined the family business after graduating from university and was appointed as MD in quick succession. In summer 2008 the company almost went into insolvency after the fraud of its Financial Director. Emily worked hard to secure the business and finally felt she achieved the job. However, her family (especially her brother and father) decided to recall her. Emily was shell-shocked by the decision and took 6 months’ time off. Finally, the company went belly up and Emily has now decided to go back to university to do a law degree.
Irene	Irene took on a friend’s offer to join and develop his business in 2002. Due to the recession the company struggles to find customers who are willing and able to pay for high end priced products. Therefore Emily decided recently to leave the company. Now, in her forties, she feels that she would like to start a new career in health and social sciences and therefore plans to go back to university.
Keith	After working as Managing Director (MD) of a small manufacturing company, Keith took the opportunity to purchase his own company together with a business partner. The company was an old-established family business that, at the time of Keith’s investment, was struggling with various problems. Keith and his business partner secured the company for a short period but finally failed to get the funding that would have been necessary to develop a long-term strategy. Therefore the company went into administration; Keith and his business partner lost their entire investment. Keith is now an employee and still interested in starting his own business again, but is as yet undecided.
Nigel	Prior to founding his own business, Nigel worked in different management positions. Together with a business partner he started the own business with the purpose to advise companies regarding their financings. After a successful grow Nigel and his co-director decided to franchise the company. The deal failed; therefore the directors released their employees and started doing the operational work themselves. However, due to the banking crisis in 2008, the company was not able to fulfil its purpose and Nigel and his co-director decided to close down the company. Nigel now works in a managing position again. He has still to pay back his share of the company loan and sees it as unlikely that he will go into an entrepreneurial role again.
Norman	Norman went into the family business after doing a university degree and a postgraduate course and travelling the world for 4 years. After a few years he took over the role of MD. Due internal (family conflicts) as well as external reasons (change in the taxation of insurance premiums) the company struggled and finally went into administration. Thereafter Norman did set up several organisations and started out a portfolio career composed of his passions in life.

3.3 Fieldwork Strategies

IPA demands a method of data collection that facilitates a first-hand description of the phenomenon under observation. It is significant that the participant will mainly determine the course of the dialogue (Cope, 2011). Therefore I decided to carry out semi-structured interviews. In order to gain a detailed understanding of my own explicit assumptions and to uncover possible implicit assumptions a reflective interviewing technique was chosen (Roulston, 2010). An interview schedule was constructed to guide the interview. However, as Smith et al. (2009) state IPA interviews are an attempt to explore the research question “sideways”. Hence the researcher would not immediately ask: “How has the behaviour of your wife changed your thinking about the failure?” Rather it is recommended to “set up the interview as an event which facilitates the discussion of relevant topics” (Smith et al., 2009, p. 58). Therefore the interviews were opened with the broad general question “Can you tell me about your business and the business failure”. Subsequent questions were usually developed during the dialogue.

After obtaining ethical approval two test interviews were carried out to test interview techniques, recording facilities and time schedules. No changes were necessary after the test interviews. Before the start of the interview, all participants were provided with an information sheet and they all signed a consent form. The interviews were conducted either in a quiet room at The University of Edinburgh or in a pre-booked meeting room in a Glaswegian hotel. The interviews were audio-recorded and later transcribed verbatim.

3.4 Data Analysis

As a nascent approach to phenomenological research, IPA provides an accessible qualitative research method (Larkin & Thomson, 2012). The authors describe the outcome of a successful IPA study as bridging the elements of “giving voice” (to the participant’s narrative and their reflection on the researcher) and of “making sense” (through the interpretation of the participant’s account by using psychological concepts). Larkin & Thomson outline that finding the right balance between these key components requires substantial time and effort.

That said, the method makes no claim to objectivity, rather it is emphatically inductive and idiographic. Therefore the analysis starts with a thorough, detailed examination of one case, and thereafter moves to the careful analysis of subsequent cases (Cope, 2009; Smith, 2004). Table 2 explains the different levels of analysis applied in this study.

Table 2

Levels of interpretative phenomenological analysis
(adapted from Cope, 2011 and Smith et al., 2009)

Level of analysis	Process step	Description of analysis
Familiarisation	Reading and re-reading	Reading and re-reading aims to gain familiarity with the transcript. A parallel reading and listening to the recording or imaging the participant's voice can help to reach this goal.
Gaining insight	Initial noting	The initial noting aims at deeper immersion further into the account. Highlighting significant excerpts and/or colour-coding before starting to note descriptive explorative comments can be helpful.
Categorisation	Developing intra-case themes	Through the explorative commenting, the data set will likely have grown. These comments will aid the search for emergent themes within the case. At this point it is recommendable especially for IPA novices to share and reflect their thoughts with supervisors or peers.
Pattern recognition	Searching for inter-case themes	After completing Steps 1-3 for every case individually, some of the intra-case emergent themes will show up in more cases. Sometimes it will be necessary to re-configure or to re-label themes. At this stage IPA has a dual quality, revealing the participants' unique idiosyncratic facets as well as higher order concepts.
Interpretation	Writing-up	Writing-up leads to the results or findings section. Because of the reader's critical role within the hermeneutic dialogue (see Smith, 2009) the IPA results section is very substantial and more discursive than a typical (quantitative) analysis section. The researcher has to combine accounts of his or her data and to offer an interpretation that mirrors the researcher's sense-making.
Abstraction/discussion	Converging literature	As described in Step 4 often higher order concepts are revealed during the data analysis. The discussion section requests an abstraction from the individual case and aims to produce theoretical explanations.

Table 2 should provide evidence that hermeneutic phenomenological studies are able to make meaningful theoretical contributions (Berglund, 2007; Conklin, 2007; Cope, 2011). The results of the analytical process are shown in the following Findings chapter which presents six super-ordinate themes from the research. The Findings chapter is followed by a Discussion chapter that focuses on wider theoretical explanations.

4. Findings

The following interpretation of the interview transcripts demonstrates how entrepreneurs made sense of their lived experience of business failure. Making sense is a multidimensional process that includes moderating effects or framing influences as well as outcomes. As summarised in Table 2 (Chapter 3.4 Data analysis) applying an interpretative phenomenological approach requires working through multiple levels of constructing, de-constructing and clustering emergent themes. This process finally results in the identification of case-specific super-ordinate themes. Table 3 summarises the evolved super-ordinate themes for the present study.

Table 3
Evolved super-ordinate themes

	Bert	Emily	Irene	Keith	Nigel	Norman
Entrepreneurs' Self: What matters to them	Search for awakening, separation of identities	Feeling obliged to the family (business)	Gaining an independent and rewarding future	Helping others, Feeling of Responsibility	Helping others	Driven by passion and responsibility
Grievance and Suffering in the aftermath of failure	Disillusioned about business world	I don't recognise my life	All sorts of regrets and confusion	Loss of Self-esteem, feeling ashamed	We all suffered	The feeling of being shattered
Feelings of frustration about others and of being betrayed by others	There are no ethics in business	Betrayal of all sorts, in the end by own family	Did I waste my time and money?	Being let down and feeling of frustration	Being let down by business and wife	
Financial worries determine the world		Loss of house and car and all the nice things	Feeling caught up in fear	Loss of family savings	The worry of how to put bread on the table	
Learning as the benefit of failure	Don't rush into business decisions	You have to understand the nuts and bolts of business	Learning about own strengths	Not being naïve anymore	Small businesses are no beds of roses	You have to follow your passion
Failure as liberation from something not suiting my personality		Relief about leaving an isolated position				The failure as a twin track of freedom

During the interviews every participant expressed between 4 - 6 subordinate themes. Table 3 shows the occurrence of these themes, which will be explained later in more detail. Often participants describe their thoughts and feelings in different ways; however the phenomenon shows similar pattern to other participants' lived experience. On the other hand, participants often employ similar wording in their narratives; yet nonetheless their experiences are different. Therefore the data analysis aims to negotiate between convergence and divergence as well as commonality and individuality (Smith et al., 2009). The thorough and comprehensive analysis yielded six recurring super-ordinate themes as presented in Table 3.

Due to the very broad research question and the participants' different individual backgrounds the fact that some themes are quite important for one participant but never mentioned by others is not surprising. Smith et al. (2009) assert that the presence of a super-ordinate theme in over half of the sample would point in the direction of recurrence. Following Smith et al.'s (2009) approach the analysis would be limited to five super-ordinate themes. However, the special relevance of the remaining theme "Failure as liberation from business" means that it will also be included in the presentation and discussion of findings.

The interview transcripts reveal the participants' lived experience of business failure as a serious and complex event. The aim of the research is not simply to learn about how the entrepreneur comes to terms with his or her situation. The entrepreneurs were asked to recount their narratives in the context of their social network. Because of the broad meaning of "social network" the participants were asked to talk about the person in their social environment who was most influenced by the failure. Usually this is also the most important other or significant other person in the entrepreneur's life. Therefore, when looking at the following interpretations we always have to bear in mind the complexity of the story in terms of the entrepreneur's dual self - the own self and the surmised self of the other important person.

The emerged super-ordinate themes as portrayed in Table 3 will be discussed in detail in the subsequent sections.

4.1 The Entrepreneurs' Self: What matters to them?

To gain an understanding of the participants' basic motivation in terms of what drives them it seems inappropriate to concentrate exclusively on the failure event. Obviously, hardly any entrepreneur is motivated to fail. However, motivation facilitates the sense-making process. This theme illustrates the variety of personal motivations and experiences that form the background to why the participants got into business. Many participants seemed to express ideas about giving back, supporting others, or feeling responsible. In connection with helping others there was an aspiration for improving ways to work, or procedures to follow. The following statements illustrate the participants' major motivation to start their own business:

Keith: "It's the challenge to making something faster, bigger, quicker. I am very interested in that, absolutely. And that challenge I really enjoy. [...] For me it's more the technical development, the opportunity, the building stuff, that's more the thing that motivates me, that pushes me."

Bert: "Business was just a tool. And for something else. It was just a vehicle. And the only reason we did this was we looked for a change, the publishing was just one way for disseminating."

Nigel: "My goal particularly was to help businesses to get hold of money. We [Nigel and his business partner] were becoming increasingly frustrated by the bureaucracy within xxx [their previous employer] and we spent more time in filling out forms than in actually seeing people and helping people".

Irene: "And I liked the idea of not being overcharged. And that you would take people shopping and get them the right things".

Other reports show that the intrinsic motivation also mediates the entrepreneurs' thoughts in the aftermath of failure. Feeling responsible for the fate of the businesses' employees was a recurring statement. Also, the need to help others seems to be an important reason for the entrepreneurs' decision-making aspects. Especially with Keith, given the fact that his business investment failed only after about six months, the expression of responsibility is especially striking. The following statements should further illuminate these motivations:

Keith: "With the [business name] situation, one of the things I was personally rather upset or I felt I was responsible for was that some of the people who have been with that business for a variation of years and who knew that the chances for further employment were minimal, I felt personally responsible for that."

Norman: “I arranged with a new majority partner to buy out a part of the business that I had set up. That was none of a selfish job. I was more interested in saving the jobs then in getting into business with a partner, to be honest. But that was the only way to save the jobs.”

Norman: “Because of my mother’s and father’s dual understanding of what could go wrong in life there was a feeling, a big sense of giving back. And also because they succeeded, in life, they felt they could give back. Over and above that my father became chairman and holder of xxx Football Club. He didn’t like football, he wasn’t interested in football. He only got involved because it was in danger, in danger of collapsing. And it was a form of giving back to his hometown again.

[...]And the business gave money to fund a lecture set up at xxx University, about xxx culture and language studies”.

The notion of improvement or advance seems to be intricately connected with the possibility of helping other people. What is striking about these accounts is the sense of facilitating or improving other people's situations that forms the core motivation of these participants' interests in business. Thus business for these participants appears not to be solely related to making profits. Moreover, the participants' major concerns that did emerge during the interviews are also related to the effects of their own decisions and behaviours on the emotions and outcomes for others. Their values and awareness of responsibility do often not only include spouses, family and employees. Also the recently and frequently discussed concept of corporate social responsibility seems to be a traditional and selfless way for “giving back” at least in some businesses. Applying the phenomenological analysis was especially able to bring this out. However, the strong sense of responsibility and to help others appears to be linked to emotions such as grief that will be observed in the next section.

4.2 Grief and Suffering in the Aftermath of Failure

All participants went through emotions such as sadness or grief during and after their business failure. The entrepreneurs' often felt dispirited and negative. Unmistakably they talked about their own grief and suffering. However, they did also express many concerns about how other people in their social environment were affected by the failure and how these people suffered and grieved. The participants were asked to speak about the person who was most affected by the failure. This open and broad approach yielded interesting results. Most participants immediately began to talk about their spouses, husbands or romantic partners when reflecting on the experience of failure. The statements chosen to underline the importance of grief and suffering will be considered in the context of the social network.

Nigel: “My wife in the end decided that she wanted to leave me. I think it happened ..., the business had a big enough impact, even not exclusive, but it was a big fact in that”.

Norman: “But one of my other brothers started getting panic attacks, and anxiety attacks as we were going through the difficult period just before the business folding. And he still has those. And that’s now 9 years later”.

Emily: “And, my mother ..., I feel very sorry for my mother; because I think she’s devastated. This has completely torn the family apart”.

These statements attempt to portray the manifold, significant and very close social ties that are part of the process of sense-making. In many cases, the process is multidimensional. Different people influence the entrepreneur with their various and often contrary viewpoints of the event. Hence, a part of Norman’s suffering in the aftermath of failure is rooted in his brother’s suffering. It seems the aspect of social networks in family businesses or co-entrepreneurships is even more complex than in “normal” businesses. Although participants usually identify their spouse or fiancée as the “significant other” who had to suffer most, their narrative shows that their parents and siblings also suffered from the failure that put massive strains on the family.

A further remarkable finding is the fact that, seemingly, it takes some time for the entrepreneurs to understand that their grief and suffering is a stage of their sense-making process. Irene and Emily are the two participants with the most recent experience of failure and both express strong feelings of confusion about their situation.

Emily: “I don’t recognise my life at all”.

Irene: “The decision to leave is probably the biggest decision I have made. Ever ..., ever. Ever, ever. And it’s a bit like leaving a marriage. It’s the end of something. And there is regret, and there is all sorts of confusion”.

The participants have to come to terms with several changes in their life. They lost their business, their position, their income and savings, and - in some of the most sadly intriguing cases - their family. All these losses cause confusion, about their own self, their life, their relationship. In an early stage after the failure, the participants often were looking for answers to all the questions linked to their changed life. However, it was recognisable from their narratives that they are progressing on their path of sense-making.

Grief was consciously addressed by participants who went through the event of failure at least three years ago. Therefore it seems that in the process of coming to terms with failure the feeling of confusion will begin the grief process as an important element of sense-making.

Another really striking finding was revealed by Keith's narrative that showcases how one significant other's suffering and grief can change the future behaviour of an entrepreneur.

Keith: "I invested most of our savings into that situation. I am - and I was - the main breadwinner in the house. I had a huge mortgage to pay for the house, the children. That was a quite dramatic situation that did cause serious tensions and of course I felt a bit I should say ashamed ... of course, about the lost money. So, there was a degree of tensions and frictions within my family. [...] She is much more wary of me in the sum of the situation. She prefers me to be a nine till five employee. And yes, that is a frustration to me, I think. [...] I think she may be concerned with any new investment opportunity again. And I think that's a pressure. I mean, I would like to look for other opportunities".

Thus, entrepreneurs feel ashamed because their family had to suffer as a result of their business failure. The family's grievance about the lost money and their suffering because of the financially insecure situation influences their attitudes towards the entrepreneur. Hence, after the failure entrepreneurs are sometimes trapped in a role as an employee despite the fact that they feel really entrepreneurial and would like to start a new venture again.

The aforementioned examples should provide evidence that it is not enough to look at the outcomes (i. e. avoidance to start a new venture). Some of the participants showed a rather risk seeking attitude, however, their spouses are the opposite, risk avoiding type. And because these entrepreneurs are caring and responsible they decide not to take action again - at odds with their own self. And this makes them suffer too, and sometimes they feel frustrated about their family's risk avoiding attitude. This account points out how some of the super-ordinate themes are closely linked to each other. Therefore, the theme of Feelings of Frustration and Betrayal by Others will be discussed in the next section.

4.3 Feelings of Frustration and Betrayal by Others

The previous section has shown in which ways the entrepreneurs' impression of themselves as well as the cues they receive from their social network influence their sense-making of business failure. Thus, we have to bear in mind that every change in attitudes and/or behaviour as exploited here is mediated by the entrepreneurs' motivation and values as well as by the impulses of their social environment.

The example of an entrepreneur's keenness to start a new venture versus his wife's anxiety and risk-avoidance showcases the necessary negotiation of both worlds. Such controversial opinions usually cause tensions and frictions in social relationships that will often lead to thoughts and feelings of being let down by others in the process of sense-making. Almost all of the participants described such thoughts and feelings. They employed various phrases and metaphors to describe their emotions.

For some of them these feelings were existent and clearly important for their sense-making but the participants all seemed to accept that "such things happen" and the theme did not seem to rule their lives. However, some participants did express strong emotions, in one case also after a remarkably long time. Obviously, if somebody still gets agitated after 25 years about an issue, these strong emotions will influence that person's attitudes and behaviour.

It is noteworthy that four out of six participants addressed feelings of frustration about other people or experienced some sort of betrayal by others. In a fifth case, the participant did mention situations connected with double-dealing and breach of faith. However, the failure happened so recently that it seems that at the participant's stage of sense-making other themes - such as confusion and financial worries - are more present. Here are some examples from the participants' narratives that will illustrate their strong feelings of being let down by others:

Bert: "So, we were both [he and his co-entrepreneur], frankly, disillusioned and shattered about his [another businessman] behaviour. [...] So, we were very disillusioned about that world. [...] I'm much more critical, wary, questioning. Not as being always open or kind of booing Buddhist on everything. And being actually a little bit more selfish about what I wanted in terms of needs being met, before I would agree to something."

Keith: "And I think I had been a bit naive to accept face value. [...] Today I am much more cynical. [...] But, yep, fundamentally, in that situation again I would not provide my own funds until the other parties had committed their share absolutely for sure."

Emily: "Now I know I can't trust my family, actually."

It is further noteworthy that Bert's experience of being betrayed lies 25 years in the past. However, he retains strong feelings about that event until today despite the fact that he experienced further failures later on. The event of failure that imprinted him emotionally was the one that made him feel that he had been betrayed by other people.

The statements reveal that entrepreneurs feel frustrated about their spouses and family as well they retain feelings that being let down by others (banks, creditors, shareholders).

Hence, the feeling of being let down or betrayed by other people is strongly connected with a learning experience which we will explore later on. Feeling let down or betrayed often results in a change in entrepreneurs' attitudes towards decision-making. They often consider that they can no longer put their trust in others in the same way that they did before. Sometimes the participants will feel positive about the effect (not being naïve anymore). However, it can also hinder them from taking on new challenges and being on the lookout for opportunities.

The next section will deal with a theme closely connected to the experience of betrayal or being let down: financial worries. Again, the theme was addressed by most participants but with different levels of importance and determination for their sense-making.

4.4 Financial Worries: “struggling to put food on the table”

Most of the participants expressed their worries about financial issues as a strong emotion that influenced their recovery from failure. Sometimes they worried because their important others were worried about the situation:

Nigel: “And also there is the financial element and the struggling to find money to put food on the table ... often that's quite difficult ...”

Irene: “If money is worrying you, it just ties to everything. Every decision you make, and then you become frozen like a rabbit in headlights. You can't make a move to make a decision. Because you are caught in absolute fear.”

Norman: “The closest to that [financial worries] was probably my wife's worrying about me. After six months not working she was thinking that we were running out of money here. But I was always comfortable that we had enough in reserve for me to get my career path right. So I wouldn't panic.”

However, just in the most recent case of failure the theme certainly was an acute and recurring topic for the entrepreneur. Unquestionably, the financial background of the failed entrepreneurs in this study influences their worrying. However, some of the participants had to pay back debts at the time of the interview. They address their financial worries as important but seemingly accept their situation.

In contrast, in the most recent case of failure the entrepreneur states to have lost the invested money but have not to pay back any debts, so there are no future financial strings attached. But that entrepreneur is the one whose actions seem completely determined by the financial worries. Thus, the financial sphere of failure seems to have a strong emotional effect immediately after the event of failure which fortunately seems to decrease over time.

The subsequent sections will look at themes that were addressed by the participants in a more optimistic way.

4.5 Learning as the Benefit of Failure

Before turning to the theme of learning from failure, another interesting finding in the participants' hermeneutics of sense-making should be mentioned. The participants were not directly asked about positive or negative thoughts. Instead they articulated both perceptions often in a mixed and unstructured way. Many of the participants did start talking about negative aspects such as feelings of regret, betrayal or shame, which are apparent in the event of business failure. However, at the same time, they often concluded their account by saying something positive about their situation.

Nigel: "It was taking a strain on the family finances. We find ourselves relying on overdrafts and credit cards and things like that. There was the debt that nagged in the background. Now, although that, the benefit of having your own business was the flexibility of having time available if you need it for childcare, for kids and stuff like that. And that worked quite well, even towards the later days".

Irene: "I have no personal guarantees. Money I had put in the company I accepted it's gone. But there's no more tie. I have no more ties. Whereas my colleague has money and his house [put in the company]. Which makes him even more tied. So, I have the freedom to walk away".

These examples demonstrate the strong need to find the positive sides of adverse situations. Often the participants started talking about sad emotions but then turned to talk about how they look for more favourable aspects of their situation. When looking at these turns in the participants' narratives, the data analysis yielded the experience of "learning from failure" as the strongest finding. Almost every participant referred to the positive effects of learning from their failure:

Bert: “If you are looking at the failure onion and realising “Oh there is another layer of that”, you are gaining a hard won experience of wisdom [...]. You have to go through all that. People can write all the books, and tell all the advice you want but most people ignore advice until they go through it and they become leery with their experience [...]. I used to think I could learn just by the looking at mistakes of others. So reading history, and bla bla bla. But each makes their own unique mistakes of their own.”

Emily: “I know everything about how to deal with cash flow now. It was a fabulous learning ground for me.”

Keith: “I think I learned and I wouldn’t like to miss that experience I see this period as having learned from it. And I see some of the lessons I learned from my activity were much preliminary with the clients I am working with today. But, yep, fundamentally, in that situation again I would not provide my own funds until the other parties had committed their share absolutely for sure.”

Nigel: “By nature I am an optimist [...]. I learnt from things. I have learnt probably more from that negative experience than any of the positive experiences of learning that I have done. And I wouldn’t wish it upon anybody, but it does ... it does help you to find out about yourself and your inner yourself, and you find out who your friends are.”

Thus, in retrospect most entrepreneurs refer to the learning outcome as one of the positive results, or the main positive aspect about the event of failure. In this study four participants state that they owe their current success (either a good position or a newly founded venture) mainly to their ability to apply their learning experience, to grow through their “lessons learned”.

Given the huge amount of recent research published in practitioner journals¹ and popular management literature about the topic of learning from failure this finding is unsurprising. However, as my study not especially address learning from failure it is an interesting finding too. I will argue that the recent discussion that pictures failure as a “Zeitgeist” phenomenon with being an important source for learning, and an integral part for future success influences entrepreneurs in their sense-making.

¹ See for example the article „Fail to Succeed“ by Matt Cowan published in Wired in May 2011

4.6 Failure as Liberation from Something not Suited to my Personality

Another finding linked to the participants' looking for positive effects of failure was a more unexpected one. It is the feeling of liberation and freedom. Two of the entrepreneurs who failed with their family business came to the conclusion that finally the failure gave them the freedom to follow their natural interests and to liberate them to do what they had always wanted to do for a living.

Emily: "When you become MD [Managing Director], you are the most isolated person in the company. It's the most awful place to be, it's not a nice place to be. And when you speak to other managing directors they really know what you are talking about, they understand it. And everyone else doesn't have a clue. I have been there, I have done it, I know how, just how isolated it is. So, I feel a sense of relief. I don't wake up in the middle of the night, going: 'Urghhh' about cash flows, projects going wrong, supplies aren't come through in time. Whereas I did in the life I lived before. So, I'm a lot more relaxed person as I was. And I think I'm probably a lot calmer as a person I was".

Norman: "I mean I was shattered. Both physically and psychologically. [...] But] Donna [his wife] always hated the family business. [...] When the business disappeared, we all had worries about where do we go from here. [But] we no longer had that irritating one. [...] That helped Donna. That then in turn, we no longer had that clashing between us. So, in terms of my personality or these of my wife, that was a big negativity off my back. [...] But in many regards then, leaving the business, or the business failing gave me a twin track of freedom."

The statements reveal how entrepreneurs start to think about the failure as a disastrous experience that finally helps them to be independent from their family and to start a new career that suits their personality better than being a Managing Director within the family business. The entrepreneurs felt obliged to do their duty and they did well as Managing Director over a couple of years. However, after being freed from that duty, they recognize feelings of relief and they realise that there are other doors to open in their future life.

Both examples show that there are special dynamics in family businesses as a type of co-entrepreneurships where failure can sometimes liberate the failed entrepreneur. Then failure allows them to find some new perspectives in their lives that will allow them to free their "trapped personalities". However, that is not to say that failure in family businesses is not an equally disastrous experience.

4.7 Summary

To summarise the findings of the interviews, it is evident that all six super-ordinate themes addressed in the previous sections are important for the entrepreneurs in the progress of their sense-making. The entrepreneurs were interested to talk about their motivation and the values that are important to them and which had an impact on this process. The study focussed on entrepreneurs who started and/or managed Small- and Medium-Sized Enterprises. Most of the study's participants were intrinsically motivated and felt a strong responsibility for their social environment.

Emotions that were addressed as decisive in the process of sense-making were grief and suffering. The entrepreneurs' sense-making is strongly influenced by the way and the extent other persons were affected by the event of failure. Furthermore almost all participants express their disappointment about the behaviour of third parties such as affiliated companies, business partners, institutions, and in one case even family members whose wrong-doing led to the business failure. Participants felt let down or betrayed by their behaviour and this experience made them lose their trust in other people. All participants lost significant sums of money due to their failure. The financial loss worried some of the participants; however, in some cases the worries of their important others had a stronger effect on their sense-making than their own concerns about their financial situation.

All participants felt a strong need to look for a positive outcome from their business failure. Therefore they used a "lessons learnt" approach for their self reflection during the process of coming to terms with their new lives. Furthermore the participants who experienced failure with their inherited family business additionally perceived the failure as a kind of liberation that enabled them finally to choose new careers that, they felt, would suit them better than the family business did. All these findings will be discussed in the context of converging recent research in the next chapter.

5. Discussion of Findings

Taking a further look at the super-ordinate themes one can distinguish three separate points of view chosen by the participants to make sense of their experience of business failure. The first viewpoint is the self. The emergence of this theme is inevitable because it is always the individual person with their values and motivations who looks at the phenomenon. The second viewpoint is the participant's social network. This too is certain to appear because of the research question. Therefore these first two themes will be classified as moderating factors or framing influences in the process of sense-making. This process is driven by how the entrepreneurs think about themselves and how their social network responds to them. However, the third area of sense-making is directed towards the outcome. In which way did the entrepreneurs experience the failure of their business; which thoughts, feelings, and changes did they encounter? The participants went through an overwhelming amount of different - and sometimes mixed - experiences and feelings. In conducting the phenomenological analysis the "outcomes" shown in rows 2 - 6 of Table 3 emerged. Figure 1 aims to present these outcomes and their positions and interdependences in the process of sense-making.



Figure 1. Overview of structure and application of emergent super-ordinate themes during the participants' sense-making

The discussion of the emergent super-ordinate themes will continue with a section about the framing effects of sense-making, the entrepreneurs' understanding of themselves and of their social environment. Thereafter the sense-making outcomes that all lead to personal changes in the aftermath of failure will be discussed in detail. The last section of this chapter aims to reveal the practical implications of these changes.

5.1 Entrepreneur and the Self

From a psychological perspective, the concept of Self draws on either the cognitive and affective representation of someone's identity or the subject of experience. William James distinguishes between the self as *I*, the subjective knower, and the self as *Me*, the object that is known (James, 1891). Current research in psychology discusses the self as an integral part in theories such as cognition, motivation, emotions and self-esteem as well as social identity (Sedikides and Spencer, 2007). A detailed introduction of these theories would go beyond the aim of this dissertation. In applying Wylie's (1961) understanding of the self the gap will be bridged to the second framing influence, the entrepreneur's social network. As Gimenez-Roche states entrepreneurship is a "socially embedded process of altering one's reality" (Gimenez-Roche, 2011, p. 159). Entrepreneurial action is not independent of the socio-institutional framework in which it takes place, but it defines and is defined by it.

The research relies on reflective interviews with entrepreneurs. No dyad interviews with "significant others" were carried out. Therefore when talking about the influence of significant others always the "actual/other" self of the entrepreneurs is reflecting their experience. These reflections are obviously more than educated guesses because in almost every case the participants had discussions with their "significant others", be it wife, fiancée, parents or siblings.

As stated before, the participants often referred to their values and motivations to explain their thoughts and feelings about failure. According to Nonis and Swift (2001) empirical research with focus on the value construct is limited. The authors cite Meglino and Ravlin (1998) when stating that one reason could be the lack of agreement on the nature of values and their influence on people. Thus, values are considered as attitudes, goals, interests, motivations and personality types (Nonis & Swift, 2001). Smilor criticises the stereotype of the entrepreneur as a "conniving, step-on-anyone-to-get-ahead, wheeler-dealer - a kind of J.R. Ewing personality who cares for no one but himself and nothing but his own advancement" (Smilor, 2004) as an often inaccurate description.

The participants' statements show a very strong need to care for others that does not seem to fit within the rather profit-oriented public image of entrepreneurs' motivations. In the context of entrepreneurial research Smilor (2004) proposed values that are important for entrepreneurs to grow their businesses. He draws on a set of values that was developed by Michele Lansdowne, from the Salish and Kootenai tribes in Montana, and Lisa Little Chief Bryan, from the Lakota tribes in South Dakota, as an entrepreneurship curriculum. The values described by them are *Bravery, Vision, Respect for self and others, Trust, Honesty, Generosity and Fortitude*. Although this set of values seems not to be tested in a scientific way and is not much discussed in the recent literature its employment seems to be appropriate. Taking the value set, the helping motivation would be counted into the "Generosity" value which is defined as "develops from supporting and leading others" (Smilor, 2004).

To conclude the section about the entrepreneurs' self in the process of sense-making, the participants' frequent application of metaphors is noteworthy. Drakopoulou Dodd (2002) developed a set of entrepreneurial metaphors and reveals that entrepreneurs focus on their personal worries and anxieties as well as their positive emotions. The author states that metaphors of entrepreneurs involve change and are focused on the entrepreneur instead of the business. Clarke and Holt (2010) explore how entrepreneurs articulate their goals with the usage of metaphors and find that these goals include public, social and moral concerns apart from the more known goals of independence and challenges. Also Shinebourne and Smith (2009) draw on several studies to underpin the possibility of understanding segregated experiences as metaphors for emotional states.

5.2 Aftermath of Failure

Turning from the entrepreneurs' selves in the sense-making to their thoughts and feelings we must bear in mind that experiencing failure is a devastating and life changing event in the entrepreneurs' lives. The study yielded findings that confirm earlier research in this area as well as controversial or novel aspects. Confirmation was found insofar as entrepreneurs do not just accept failure as a result of their own mistakes. Rather they also blame third parties and misfortunes (Cardon, Stevens, and Potter, 2011). Entrepreneurs who failed after managing their business for a considerable time often perceive external circumstances as the cause of failure (Thornhill and Amit, 2003).

Earlier research reveals that in Europe - in contrast to the United States - failure is often derived as a social stigma (see for example Cope, 2011; Landier, 2006). Most of the participants were informed about this different viewpoint due to recent discussions in practitioner journals and popular management literature. However, the participants who failed after the beginning of the banking crisis in 2008 felt that failure is now more accepted socially.

Grief and suffering was a recurring theme for most of the participants. The area of grief and recovery after business failure is well researched by Shepherd and colleagues (see for example Shepherd, 2003; Shepherd, 2009, Shepherd, Wiklund & Haynie, 2009, Shepherd, Covin & Kuratko, 2009). The study confirms these findings. In particular, the early feeling of confusion seems to be a negative emotional response that interferes with the ability to learn from failure. However, Shepherd's grief recovery research uses several measures to evaluate grief and therefore it stays unclear whether the feeling of confusion would fit into the construct of grief.

Another strong recurring theme was the feeling of being betrayed or let down by others. In most cases this feeling leads to frustration, disillusion and distrust. The participants often concluded during their sense-making that being not so trusting anymore is a learning experience that will help them with their decision-making in the future. Of course, naivety is not a good basis for any entrepreneurial activity. However, trust is also important for successful entrepreneurs as several research studies have revealed (see for example Huntsinger, 2011; Jack and Anderson, 2002). Feeling betrayed or being let down is rooted in the metacognition process that can be divided in metacognition-self, the introspective thinking about ongoing or planned behaviour, and metacognition-others, the thinking about the thinking of others (Smith, Shanteau, & Johnson, 2004). As Grazioli, Smith, and Johnson (2004) reveal, the ascription of intentions to others is a significant success factor in managing risk in social exchange. Therefore escalated distrust can be dangerous for successful future social exchanges.

The fact that all participants referred to the benefits of learning as a positive outcome from the event of failure was also an interesting finding. Learning from failure was not focused by the research question. However, the participants felt the need to use the benefits of learning for their sense-making. Cope (2011) carried out a comprehensive IPA study in that area.

The current study confirms Cope's findings, especially the significance of what Cope calls "emotional costs" and "social costs" in the process of coming to terms with the event of failure. However, Cope's participants experienced failure mainly in the late 1990's or early 2000's. Their retrospective view is likely to be different to that of some of my participants who experienced failure only a few months ago.

A more surprising finding was the feeling of liberation that was experienced by participants who went into the family business. Despite the importance of family businesses - 45% of the UK's GDP is produced by family enterprises, 50% of the private sector workforce in Scotland is employed by family businesses, almost 70% of Scottish businesses and 75% European businesses are family businesses (Scottish Family Business Association, 2011) - the sector is not yet widely researched. Leach (2007) recognises the emotional issues; however his recommendations focus on how to benefit the business. Furthermore, Kaye (2005) observes that a family business can be a sickness that will infect its members if no action is taken. At any rate, the feeling of liberation from a business that will not fit someone's personality is worth deeper investigation.

All these findings are rooted in the entrepreneurs' coming to terms with the shattering experience of failure. Often the sense-making is rooted in practical thinking, once an apparent explanation is found the entrepreneurs will apply it to their future judgements and decisions. Therefore it is important to take a deeper look at the practical implications.

5.3 Practical Implications

As Cardon's (2011) research reveals, failure often has a negative influence on the entrepreneur's willingness to start a new venture in the future. However, Cope (2011) draws on a multitude of research studies by failure theorists when arguing that failed entrepreneurs are more likely to start new ventures. Also, a study by Podoyntsyna, van der Bij, and Song (2011) reveals that entrepreneurs who found more ventures learn to pay more attention to their positive, as well as mixed, emotions.

Hence, supporting institutions such as Chamber of Commerce, Business Gateway, Scottish Enterprise etc. as well as private organisations which deal with insolvency issues and not to overlook Counseling Psychologists - all should take into account that novice entrepreneurs may find it useful to make contact with failure-experienced counterparts. Although recent discussions about failure as an integral part of success as well as the idea of an “innocent” failure in the aftermath of the banking crisis has already seemed to ease the social stigma linked to failure, more assurance is needed to convince entrepreneurs and their significant others that failure is not the end of the world.

6. Further Implications and Conclusion

6.1 Theoretical Implications

The research has demonstrated that sense-making in the aftermath of failure is a very complex and multilayered process (remember Bert's metaphor about the failure onion). A large amount of research is carried out, recommending the measurement of grief and recovery (Shepherd 2003), thought-experiments about the strategic role of emotions (Frank, 2011) or testing entrepreneurs motivations linked to life course events (Jayawarna, Rouse, & Kitching, 2011). However, all these studies apply quantitative methods. Taking into account the complexity of entrepreneurship and the recognised need of further explorative research, I argue that researching issues such as failure and their social aspects requires a qualitative approach. Applying IPA seems to be appropriate here, although the approach at first glance focuses on the individual entrepreneur.

6.2 Limitations of the Study

In order to achieve a closer look at the influences of the significant others the entrepreneurs' metacognition/others was activated during the interview. However, a better way to grasp the thoughts and feelings of important others would have been to carry out dyad interviews. Due to time restrictions the research interviews were limited to the entrepreneurs only.

Furthermore, the opportunistic aspect of the purposive sampling strategy means that for some participants the failure just happened a few months ago, for others it was many years ago. There are two potential limitations linked to the time span. First, Podsakoff and Organ (1986) identify problems with self-reports regarding recall bias and distortion. This is a constraint inherent in any retrospective research and one not easy to solve. However, Berney and Blane (1997) argue that important issues recalled after periods as long as up to fifty years can remain useful and retain a high degree of accuracy. Second, Smith, Flowers, and Larkin (2009) recommend a homogeneous sampling. Therefore, it can be argued whether experiencing the event of failure with 25 years ago on one end of the scale and one month on the other is too much of a difference.

However, this violation of strict homogeneity allowed some interesting thoughts about the sense-making processes' timeframe. Hopefully, the data will demonstrate that the lived experience of failure remains visible regardless of how long ago the failure happened.

6.3 Areas for Further Research

In taking up Cope's (2011) recommendation to carry out research that embraces the social dimensions of failure this study yielded some novel findings. However, due to the chosen approach other themes that were also important for the entrepreneurs' in their attempt to come to terms with failure were addressed by the entrepreneurs. Dyad interviews should allow for the examination of influences and perspectives of significant others in more detail.

The research findings indicate that some themes seem to be important early on in the process of coming to terms, whereas other themes seem to remain important for a long time after the event of failure. Therefore the application of longitudinal research methods to look at the life course of sense-making seems to call for further research.

Another interesting area for further research is the fact that all participants were strongly influenced in their sense-making by current discussions such as the impact of the banking crisis as well as the idea that failure is an integral part of future success. Future research could address how such phenomena affect the sense-making and whether these events are used for explaining one's own mistakes as misfortunes. Moreover it would be interesting to take a deeper look at the social stigmatisation of failure in Europe. There seems to be some indications that this stigmatisation is currently in decline.

6.4 Conclusion

The purpose of the study was to explore how entrepreneurs made sense of failure and how important others from their social environment influenced this sense-making. Such exploration is significant because failure usually prompts strong emotions and these emotions may well interfere with learning from failure (Shepherd 2003) and the willingness to start a new venture (Cardon, 2011). Understanding the process of coming to terms with failure is also important for understanding changes in future decision-making. The findings provide a deeper understanding of the entrepreneurial process by confirming that entrepreneurs do experience failure broadly in their lives, not just in its economic sense. Rather, the emotional and social aspects of failure also play a substantial role.

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Appendix I: Participant Information and Content Sheet

Information Sheet for Potential Participants

Making sense of the social aspects of business failure



My name is Ilka Heinze and I am a postgraduate student from the School of Philosophy, Psychology and Language Sciences at the University of Edinburgh. As part of my degree course, I am undertaking a research project for my Masters dissertation. The title of my project is: *Making sense of the social aspects of business failure*.

This study will investigate how (former) entrepreneurs have experienced business failure. It draws on models as cultural theory, prospect theory and social competition theory to address the question how a failed entrepreneur might feel about changes in his or her social environment.

I am looking for volunteers to participate in the project. There are no criteria (e.g. gender, age, or health) for being included or excluded – everyone who has experienced business failure before is welcome to take part.

If you agree to participate in the study, you will be asked to tell about your experience with business failure, about your feelings and the reactions from your social environment (family, friends). The researcher is not aware of any risks associated with the questions that will be asked. The whole procedure should take no longer than 120 minutes. You will be free to withdraw from the study at any stage, and you would not have to give a reason.

All data will be anonymised as much as possible, but you may be identifiable from tape recordings of your voice. Your name will be replaced with a participant number or a pseudonym, and it will not be possible for you to be identified in any reporting of the data gathered. All data collected will be kept in a secure place (locked cabinet in locked room and stored on a pc that is password protected) to which only myself will have access. These will be kept until the end of the examination process, following which all data that could identify you will be destroyed.

The results may be published in a journal or presented at a conference.

If you would like to contact an independent person, who knows about this project but is not involved in it, you are welcome to contact Dr Alison Lenton. Her contact details are given below.

If you have read and understood this information sheet, any questions you had have been answered, and you would like to be a participant in the study, please now see the consent form.

Consent Form

Making sense of the social aspects of business failure



I have read and understood the information sheet and this consent form. I have had an opportunity to ask questions about my participation.

I understand that I am under no obligation to take part in this study.

I understand that I have the right to withdraw from this study at any stage without giving any reason.

I agree to participate in this study.

Name of participant: _____

Signature of participant: _____

Signature of researcher: _____

Date: _____

Contact details of the researcher

Name of researcher: Ilka Heinze

Address: Postgraduate Office
School of Philosophy, Psychology and Language Sciences
University of Edinburgh
Dugald Stewart Building
3 Charles Street
EH8 9AD

Email / Telephone: I.Heinze@sms.ed.ac.uk / 07801 895791

Appendix II: Information Flyer

Making sense of the social aspects of business failure



Have you ever started your own business?

Did the undertaking fail (either in the sense of just being not profitable or in terms of insolvency)?

Are you willing to share your experience of failure?



My name is Ilka Heinze, I am a postgraduate student at the University of Edinburgh, School of Philosophy, Psychology and Language Sciences. As part of my degree course, I am undertaking a research project for my Masters dissertation. I am exploring how (former) entrepreneurs have **experienced business failure**. The project aims to gain knowledge about how a person might **feel about changes in his or her social environment** after experiencing a business failure.

To bring to light this question semi-structured **interviews** will be carried out in **June 2011**. If you agree to participate in the study, you will be asked to tell about your experience with business failure, about your feelings and the reactions from your social environment (family, friends). I am not aware of any risks associated with the questions that will be asked. The whole procedure should take no longer than **60 minutes**. You will be **free to withdraw** from the study at any stage and you would not have to give a reason. All data will be treated **strictly confidential** and **anonymously**.



Interested to take part?
Need more information?
E-mail I.Heinze@sms.ed.ac.uk
or call **07801 895791**

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Appendix III: Interview Schedule

	Interview Schedule
1	<p>Can you tell me about your business and the business failure?</p> <p><i>Prompts:</i></p> <p><i>How did you get into this business?</i></p> <p><i>Was it an entirely individual decision?</i></p> <p><i>Was a business partner or family involved in your decision to go into it?</i></p> <p><i>How did it fail? What happened?</i></p>
2	<p>What impact did this have on your family and relationships?</p> <p><i>Prompts:</i></p> <p><i>Tell me who was affected?</i></p> <p><i>Can you tell me about feelings: feelings at the time, and feelings now (about the failure)?</i></p> <p><i>Can you tell me how your close ones felt at the time?</i></p> <p><i>Can you tell me how your close ones are feeling now?</i></p>
3	<p>Can you tell me how you make business decisions?</p> <p><i>Prompts:</i></p> <p><i>Could you tell me your thoughts and feelings about a decision in the past?</i></p> <p><i>Can you tell me how do you make decisions under uncertainty?</i></p> <p><i>Can you give me an example</i></p> <p><i>Did you use gut feeling, rationalisation, calculations, consult family and peers?</i></p>
4	<p>Has the failure changed you as a person?</p> <p><i>Prompts:</i></p> <p><i>Has this experience been a gift in any way?</i></p> <p><i>What single piece of advice would you give to a fresh beginning entrepreneur?</i></p>

Appendix IV: Emergent Themes Sheets

IV/1 Bert

Themes	Key words	Page/line
Serial Co-entrepreneurship <ul style="list-style-type: none"> merges working and romantic relationships usage of partners' abilities 	<p>I was with a partner, who was also ... my sort of girl-friend I guess you would call it I don't have much of a separation between so-called work relationships and romantic relationships "date" in a business sense</p> <p>So, she had specific skills that I lacked, [...] So, it was quite a deliberate and good combination.</p>	<p>2/10-11</p> <p>9/18-27</p> <p>24/9</p> <p>3/19-23</p>
Disillusion/Betrayal/Frustration <ul style="list-style-type: none"> author, US publisher UN org director did trust the wrong people NPO's By the ethics of other people separates himself from what he's doing being blamed because co-entrepreneur lost trust in him disillusion as result of failure and experience current situation 	<p>an idiot and scrupulous person, and discovering the author was actually dishonest because all what he cared of was about his reward My first lesson in what worth a contract is in publishing, disillusioned and shattered about his behaviour the grand, the gentlemanly pursuit of publishing</p> <p>those sorts of nepotism blinded this otherwise very mindful man His failure to realise..., this belief that own family wouldn't do that. you are knocking yourself out for these organisations I saw how ethics is involved in the work of people.</p> <p>I do not identify myself with what I am doing</p> <p>she got some strange belief in her head that the company was worth more than what I actually got for</p> <p>I'm much more critical, wary, questioning</p> <p>I'm very frustrated with ... whether this is the right place to be. [...] maybe I made another mistake in terms of my gut feeling [...] I don't want this to be another lesson I'm just frustrated that ... if I ..., you know I have invested my funds</p>	<p>2/16-26</p> <p>3/10-11 4/9 4/26 7/18 ff 5/5-9</p> <p>5/27</p> <p>12/5-6 5/11-12</p> <p>17/9</p> <p>6/17 ff</p> <p>11/11-12</p> <p>20/25ff</p> <p>21/22ff</p>
Learning <ul style="list-style-type: none"> lessons from betrayal it's difficult to learn from your failure, there will never be the same situation again you can't learn from reading about others' failures balance of decision-making NPO not different from PO Armour for business world Opportunity for getting good jobs later 	<p>My first lesson in what worth a contract is in publishing. It gave me an insight into how business is supposed to be unlike what goes on in non-profit. The beast changes shape, blind spots</p> <p>Only really experienced entrepreneurs manage to find the centre I do believe you have to go through these extremes Peeling an onion Failure onion, hard won wisdom Failure as a way to wake up not being so brained with the wholly two shoes non-profit mindset</p> <p>Adobe position as result of publishing experience</p>	<p>3/10-11 4/28-30</p> <p>6/1-11</p> <p>11/26</p> <p>12/22-23 12/26 13/6 13/16-19 11/15-16</p> <p>11/17 11/17-19</p>

<p>Life philosophy</p> <ul style="list-style-type: none"> • Intrinsic motivation (emptiness of materialism) • Hope • Values for d-m. • Separation of identities • Revenge: selling for a price that forbids paying royalties • Business as art, challenge, tournament • Search for fulfilment and awakening • Worries about the future 	<p>Starting own business is just a vehicle Business is just a tool. Things are empty, I had all these things ... if I got my kicks out of status, [...] I would ... be like a hollow man plus the hope that it will work out These balance of what we say about being analytical and processing, and then moving to the gut, where the feeling centre is about this, ... back and go to some meaning and purpose of the world, values</p> <p>it was purely a monetary decision the business is separate from my identity. What I do is not who I am. I do not identify myself with what I am doing so he wouldn't get any royalties not get this author get one single dime</p> <p>I never have totally succeeded and reached the pinnacle ... But, in a way, these things are just creations by other people ... There are no feelings that I wanted to be on the top of something.</p> <p>how can I be more awake, more aware</p> <p>your mortality becomes ... first to stalk you I've been driving of a fear of ... less energy to start again in another place</p>	<p>8/1-3 8/5-12 16/8ff 17/27ff</p> <p>12/12-13 22/7-10</p> <p>3/3-4 16/29-31</p> <p>17/9 2/29 7/10</p> <p>16/27ff; 19/16</p> <p>19/26ff</p> <p>18/13ff 22/24</p> <p>20/14 20/30ff</p>
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IV/2 Emily

Themes	Key words	Page/line
Family relations <ul style="list-style-type: none"> Feeling obliged Patriarch (father/business) Demand Betrayal within the family Distrust within the family Coming to terms 	<p>he felt compelled to give me the job and I felt obliged to take it I decided I'm not going to fall out with them I insisted on giving him regular information So, again, I felt compelled, obliged ... to take the position I try not to be too bitter towards my brother he shouted at me; and he throw me off the premises one day we fought on issues quite a lot autocratic I would like to believe I had a more consultative approach that was a blame culture Now, I wished he had given me that [apprenticeship] See below</p> <p>"</p> <p>"</p> <p>my father was in tears and said: "I'm sorry". And my dad doesn't apologise for anything. Well, even if he chooses to forget it again tomorrow.</p>	<p>1/21-29</p> <p>7/26-27 8/8-9 2/13-19</p> <p>19/14-15 6/15-21; 6/27</p> <p>12/22 12-13 13/1ff</p> <p>14/1ff 20/2-9</p>
Excessive demand <ul style="list-style-type: none"> Not experienced enough to be a MD with 29 Getting not enough support (father) Overwhelmed by responsibility 	<p>But at 29 years old, I wasn't experienced enough. I did give it a lot of effort, and it affected my health quite badly he just said "I just do it". So, there was no grooming at all</p> <p>when you become MD, you are the most isolated person in the company. It's the most awful place to be, it's not a nice place to be I feel a sense of relief. I don't wake up in the middle of the night</p>	<p>2/15-20</p> <p>2/27-28</p> <p>16/28-32</p> <p>17/1-7</p>
Betrayal, Distrust <ul style="list-style-type: none"> Brother, family Financial directors Sales director Trust in systems, not people Responsibility as a measure of distrust 	<p>And had stopped to putting in his efforts into our business. And was setting his own business up [brother] he's got a blind spot when it comes to my brother Where I was told I wasn't MD anymore / that was fairly nasty My brother was also trying to take my shares off me, and my dad backed him now I know I can't trust my family he was on the train to France, he was relocating and won't be back, the company is insolvent. Close the doors and send everybody home.</p> <p>when our Sales Director had left our business to go and set up a competition against us. Just ten miles up the road There were systems in place. I put a lot of systems in place. I delegated responsibility I had to place trust in people as well, but I made sure that I understand the business well enough. It wasn't blind trust. if you can understand your business from the roots up, then no one else can pull the ropes</p>	<p>5/3-17</p> <p>5/15-21 5/23-31</p> <p>6/28-29</p> <p>15/31 3/14-16</p> <p>3/7-11</p> <p>13/25-28</p> <p>15/11-28</p> <p>19/32 - 20/1</p>

Learning experience/Growth		
<ul style="list-style-type: none"> • Turning the business around 	I threw myself to 110 % in the business, and really ... worked incredibly hard to try and turn it around	3/21-32
	I know everything about how to deal with cash flow now. It was a fabulous learning ground for me	8/3-5
<ul style="list-style-type: none"> • Fights for her job 		
<ul style="list-style-type: none"> • Crisis as a wake-up call 		
<ul style="list-style-type: none"> • Benefits of failure 	I had a massive opportunity we survived that with our skin and our teeth, and that made me really give a wake-up call	14/19-25 15/24-25
<ul style="list-style-type: none"> <ul style="list-style-type: none"> ○ Independence 	just to understand your own business. Really understand the nuts and bolts	19/22-23
<ul style="list-style-type: none"> <ul style="list-style-type: none"> ○ Career prospects 		
<ul style="list-style-type: none"> <ul style="list-style-type: none"> ○ living together with partner 	have independence for the first time, truly it's great that he's giving me the opportunity to do something I have always wanted to do. I always wished to earn a law degree. So, that is the gift	11/17-18 11/31-12/2
<ul style="list-style-type: none"> <ul style="list-style-type: none"> ○ Taking time out 	we're not negative about it all. The gain for us is, we wanted to live in the same country	10/4-5
	We were away for months, which was phantastic. So, we had the benefit of that time together	10/15-17
Grievance, Frustration, Confusion		
<ul style="list-style-type: none"> • Job loss after crisis 	just a nightmare for me; I was miserably unhappy there would be a loss of status	10/11; 16/6 16/19-22
<ul style="list-style-type: none"> • Partner and best friend need Her's status more than she needs it - that frustrates her 	he had a fiancée who was earning a lot of money, was MD and successful in business, in a big business - that was good for his ego.	18/17-29
	that has to do with him. But that has not to do with me	18/25
<ul style="list-style-type: none"> • Grief about damaged family relations 		9/22-24
<ul style="list-style-type: none"> • Frustration about financial loss, pressure 	It doesn't make him want to go to the family funerals, or weddings, or anything. Because there is going to be that constant ... friction there	7/12-15
	I lost my house, I lost my job, I lost my car. I moved home, towards my fiancée who actually lives in Northern Ireland. So I was displaced from the country where I lived in, everything changed	9/16-19
	he was seriously unhappy about the financial impact that it had on him and us [Partner]	
<ul style="list-style-type: none"> • Frustration about change in balance of power in relationship 	I haven't been as happy and carefree as I would normally be. It has been quite an unhappy, hurtful, stressful, emotional time	11/8-9
<ul style="list-style-type: none"> • Confusion about situation 	the balance of power in the relationship has changed (he decides, it's his money)	
	I am still going through the changes. So, it's quite difficult. I don't know what I will come out as at the end	16/3-4
	I don't recognise my life at all.	17/12-13

IV/3 Irene

Themes	Key words	Page/line
<p>Helping</p> <ul style="list-style-type: none"> • Likes to advice people • Volunteering • Looks for new career in health & wellbeing • Leaving the business to save a long standing friendship <p>Frustration</p> <ul style="list-style-type: none"> • About the business, their business partner's decisions (broken agreements) • About retail and the customers • About her husband's behaviour • About the financial situation <p>Depression, Confusion, Regret</p> <ul style="list-style-type: none"> • About the whole situation • uses counselling to come to terms with her situation • her worrying seems funny to her • Difficult to make up her mind whether to leave the business • She has to protect herself and her friendship - but against whom? <p>Communication</p> <ul style="list-style-type: none"> • Her husband wants to fix things, to solve problems • They do not talk • He is not positive, just quite. <p>Learning</p> <ul style="list-style-type: none"> • Avoid unconscious decisions, find out your strengths • Failure as learning experience • Independence - You have to live your own life 	<p>I liked the idea of not being overcharged. And that you would take people shopping and get them the right things. So, I did different things, volunteer things, then we had a child, then I went back to the volunteer things, then I went into the business.</p> <p>If you keep bickering ... your friendship could fall away. It could ... something could happen ... So, there is a sort of guarding the friendship</p> <p>There were agreements made, that weren't held. And there were other things done that we agreed not to do. And at that point I said I can't do this / But then, things happened again. And at that point I think I can't ...</p> <p>we were on a kind of ... crusade ... to sell it, but nobody is listening there is now no loyalty in shopping, just bad manners,/ Do I trust them, will they pay for it? my husband thinks I have wasted ... [...], they want to fix things. If you tell a man, he sees it as his role to fix it.</p> <p>cash flow becomes difficult. And then, that brought, you know, sleepless nights / it's like catching fleas / it appears as a kind of smoke in mirrors, ... it appears that's all going well / there's nothing left [laughs bitter]. If money is worrying you, it just ties to everything. Every decision you make, and then ... you become frozen like a rabbit in headlights</p> <p>It's a bit like leaving a marriage. It's the end of something. And there is regret, and there is all sorts of confusion, of feeling, of ... After I made the decision to go I'm more myself. I'm a depressed person, caught in a ... absolutely lost ... / So, that's after I went to the counselling. If you would have asked me in November, then that would have been a wholly different talk. Counselling helped.</p> <p>And, it's funny, it's an idiot thing to worry.</p> <p>"Should I go, should I stay, should I go ...". / I don't know, am I doing the right thing? It gets to the point where I have to protect myself. Nobody else can protect you. You have to live your own life and you have to ... you have to change yourself. And you have to ... care not to hurt anybody else in making that decision</p> <p>..., they want to fix things. If you tell a man, he sees it as his role to fix it We neglect it, just not talk about it. We don't. / You will never really know about his feelings. ... You know ... what it seems to be, but not for sure Other people seem to be very positive. And he is just quiet. [laughs bitter]</p> <p>And also thinking what I'm best at</p> <p>It was experience, it was life. I don't look back</p> <p>... that you can't live your life for other people? You can't stay in something for other people ... because it suits them better.</p>	<p>3/2-3</p> <p>9/16-18</p> <p>8/15-17</p> <p>1/25-28 7/21-23 8/6-7</p> <p>1/22-23 2/6-8 5/21-22 6/17 8/24-27</p> <p>2/15-16 2/21 3/28-29 4/2 11/13-15</p> <p>5/4-6</p> <p>11/4-5 12/20-22</p> <p>11/28-29</p> <p>4/14 6/8-9 8/17-21</p> <p>8/24-25</p> <p>10/1-2 10/11-12 10/27-28</p> <p>5/12-26</p> <p>6/18-19 9/19-21</p>

Financial Situation & Status <ul style="list-style-type: none"> • The opinion of others is important to her • Stigma of failure • Her husband feels sorry for her loss of status, the waste of time and money. 	<p>There is something about status ... People have this idea about running a successful business ...</p> <p>I've been through every genre of emotion, of ... feeling like you failed, feeling ... that you haven't become anything, wondering what other people think. ... The upside of a recession is that so many businesses failed. I think people ... don't bother so much. That's not got a stigma</p> <p>my husband thinks I have wasted ...</p>	<p>9/11-12</p> <p>7/4-7</p> <p>6/17</p>
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IV/4 Keith

Themes	Key words	Page/line
Guilt, shame <ul style="list-style-type: none"> About own loss Responsible for others' losses (Wants to heal his mistakes by starting a new venture) 	<p>of course I felt a bit I should say shamed of course, about the lost money she is more nervous by those issues and worries perhaps. And so, I think, I felt more guilty perhaps about that situation</p> <p>I felt I was responsible for was that some of the people who have been with that business for a variation of years and who knew that the chances for further employment where minimal, I felt personally responsible for that That's because I came in and gave them some hope</p>	<p>5/20-25</p> <p>6/1-3</p> <p>11/29-32</p> <p>12/13-14; 28-30</p>
Being let down, Trust <ul style="list-style-type: none"> Feels disappointed when other people let him down Blames others Don't trust too easy distrust in yourself 	<p>the 100,000 Pounds from yyy didn't come in time. The creditors they refused to agree to the terms And the other side were quite luring to see the business go down rather than allow a new investment had we have been given more time, I think, we could have saved the company they committed to giving us credit terms</p> <p>there is some comfort in the fact that two other parties, two groups, didn't honour their part of it Less trustful, but more cynical But there still niggles something ... You're questioning your own self-judgement</p>	<p>2/2-4</p> <p>4/8-10</p> <p>4/26-27</p> <p>9/11-15</p> <p>15/12-13</p> <p>13/3</p> <p>13/13-14</p>
Helping, Responsibility <ul style="list-style-type: none"> Being asked facilitates decisions wants to help the company current position is all about helping wants to help his wife don't betray trust, hope (Gains motivation from that) 	<p>I was approached by a business angel network</p> <p>We felt a responsibility to the staff when encouraged or introduced to the whole deal</p> <p>the part I am really like: which is working face to face with companies, developing deals</p> <p>That would satisfy my wife's expectation to spend much</p> <p>she perceived that I knew what I was doing I felt personally responsible for that. That's because I came in and gave them some hope by bringing in some money</p> <p>the part I am really like: which is working face to face with companies, developing deals</p>	<p>1/6-7</p> <p>3/20-22</p> <p>11/5-7</p> <p>11/9-10</p> <p>7/7</p> <p>11/29-32</p> <p>12/13-15; 28-30</p> <p>11/5-7</p>
Frustration <ul style="list-style-type: none"> Frustrated by his career Frustrated by his wife's different perspective 	<p>an awful lot of my time is spent dealing with the bureaucracy of one sort or another the position as business advisor is much more myself, Which doesn't carry that much responsibility</p> <p>She prefers me to be a nine till five employee and yes, that is a frustration to me she may be concerned with any new investment opportunity. That's a pressure. I would like to look for other opportunities. There is a tension about that.</p>	<p>11/3-4</p> <p>11/25-27</p> <p>6/25-28</p> <p>7/12-16</p>

<p>Learning</p> <ul style="list-style-type: none"> • Not being naïve anymore, don't trust others too easily • Don't jump in, wait for the right moment 	<p>I think it was a learning experience for me. I was a bit naive at that time I had been a bit naive to accept face value. So, that I think is some of the things I have learned from that experience Today I am much more cynical. I learned and I wouldn't like to miss that experience I see this period as having learned from it</p> <p>Just let it collapse and than buying back from the administrator - that would have been the best decision</p>	<p>5/9</p> <p>9/17-18</p> <p>9/25-27</p> <p>10/1-13</p>
<p>Communication, Tensions in partnership</p> <ul style="list-style-type: none"> • Introvert vs. extravert • Different motivations • • Wife's concerns 	<p>I am attracted to keep things to myself whereas my wife is much more open about our relations. And she cries and is emotional. I prefer to solve something myself rather than discussing things ...</p> <p>And that challenge I really enjoy. For me that's more important than for my wife. She likes to spend money for things, for me it's more the technical development, the opportunity, the building stuff, that's more the thing that motivates me, that pushes me. Hence that I know my wife would be worried, concerned, etc. But therefore ..., I am not, I haven't so far if I would announce the call, all my wife would say I shouldn't. She would be extremely concerned and worried, but, in a few years I would like to do something on a private basis.</p>	<p>6/15-19</p> <p>13/17-23</p> <p>7/20-29</p> <p>10/21-30</p> <p>11/11-16</p>

IV/5 Nigel

Themes	Key words	Page/line
Suffering <ul style="list-style-type: none"> • He and his business partner • He and his wife • He suffered 	<p>But the business covered its costs more or less. The people who suffered were me and the co-director, when there wasn't money there</p> <p>we all suffered. My wife decided that she wanted to leave me the struggling to find money to put food on the table I was pretty hurt by the whole experience losing my family has been a big, big, big thing it's always the same. It can take over, if you let it</p>	<p>2/23-25</p> <p>4/10-14 6/9-10 7/2-3 9/31-10/4 12/23-26</p>
Trust/Being let down <ul style="list-style-type: none"> • They all suffered because others let them down • Don't take people at face value 	<p>From my perspective, we all suffered that was a bit of a financial disaster from our point of view. They failed to deliver what they promised the franchising company, they did a few weak sets, it was evident they could not come to deliver what they said they could deliver I am harder edged, probably more negative, less willing to take people at face value Don't believe everything what you hear</p>	<p>3/29-31 2/8-10</p> <p>8/15-26</p> <p>9/1-3 10/29-31</p>
Learning <ul style="list-style-type: none"> • About his relationship, why it did fail • About who his friends are • Valuable experience for his current job • Being positive about the failure is important • About himself, that parts of his personality are not made for business 	<p>Distraction by the business: That's what she said to me and today I can see that that's a perennial difficulty in the relationship between men and women and in the way that they communicate</p> <p>and you find out who your friends are</p> <p>Empathy: I can appreciate how much pressure Small Business owners are under the business contributed to me getting a very good job now you have to understand where that person is coming from, what they're thinking, under what experiences they have been... And that will give you a feel for how they are going to go by making certain decisions by nature I am an optimist, I learnt from things. I have learnt probably more from that negative experience than any of the positive experiences of learning that I have done</p> <p>can't see myself back in the business again; I feel more comfortable now, getting my salary and each on a monthly term I think it's a really difficult place to be a lot of people especially in small businesses that are not as hard and as clinical as they should be</p>	<p>5/23-29 6/15-19</p> <p>10/25-27</p> <p>9/7-13 9/21-27 12/12-15</p> <p>10/20-23</p> <p>10/8-17</p> <p>11/13-15</p>
Communication <ul style="list-style-type: none"> • Description of a "joint decision" • Understanding in what happens in their relationship • Attitude towards his wife 	<p>I talked to my wife and I would tell her about it, and it was a joint decision.</p> <p>so some sort of awareness of the situation as we went through that's not to say that she wasn't uncomfortable or unhappy, but she wasn't overly avoiding that too She was supportive to me, up until the point that she told me that she wanted to leave me A complete surprise! There were all sorts of different things happening It was a total shock she is not been too open in terms of one thing to talk either, and about it, so we haven't really talked it through</p> <p>I didn't [feel guilty about the lost money], because my wife wasn't working. I was the one who always brought the money in. I felt that it was a calculated risk without talking about it</p>	<p>3/21-22</p> <p>4/18-19 5/9-14</p> <p>5/16-17 7/1-5</p> <p>5/5-7</p>

<p>Helping</p> <ul style="list-style-type: none"> • Business purpose was helping SME's • Nice guy attitude (helps me with my research) 	<p>about raising money and to talking to banks, trying to get a better deal from banks sometimes My goal particularly was to help businesses to get hold of money</p>	<p>1/17-18; 2/31-32</p>
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IV/6 Norman

Themes	Key words	Page/line
<p>Family relations - the invisible strings</p> <ul style="list-style-type: none"> • Proud of his parent's lifework • Family values (philanthropy, political position) • Similarity of siblings in terms of being non-materialistic • But: the strong ties to be united in business took their toll, they caused frictions, problems were not dealt with (or too late) • Having roots, being loved • Invisible cord draws him into the family business • Sacrifices own interests • Looks for independence within the family business • Grievance • Worries of others <p>Responsibility/Helping/Altruistic motivation</p> <ul style="list-style-type: none"> • Very concerned about employees, not only about getting them financially secure, also about how they feel about their new job • Concerned about his siblings • Important is what helps his wife • Charity work • Sense of Philanthropy • Helping as many as possible 	<p>My father is a remarkable man, they [both] decide, my dad took a risk. My mum and dad took a risk decision not market philanthropic issues how much they miss the business, and how close the relationships were, and the culture</p> <p>very enjoyable to work with the siblings, 7 brothers and 2 sisters</p> <p>issues that should have been solved maybe 20 years previously. All to do with family, we always employed the family, all those relationships with the in-laws, and all those kind of congenital things We told my father not to come back into the office. Which was not a good day. family issues, long-term family issues, was the cause of the business failing she saw some of the problems / Maybe it was right for the business and easier for the family not to deal with them at all family issues that we were having to struggle with, and deal with. It didn't give us the energy and the focus to deal with it. what sucked the energy and made us maybe not so desperate to keep the business, was the fact that the family was dis-united</p> <p>a sense of gaining roots again; idea of coming back to roots, especially with a large family, people you know, people you love, stability, routine</p> <p>no member of the family was ever pressured to get into the business</p> <p>the business, because it is so all-consuming, and all-embracing,, edged out many of my core passions and interests they put in their own interest and I had to squeeze in mine</p> <p>I set aside a business with a different name. So, quite of the familiar, but still all within the context of the one business.</p> <p>that was none of a selfish job. I was more interested in saving the jobs And we were a very close net with the people in the business. The family knew everybody in the business everybody talks how much they miss the business, and how close the relationships were, and the culture</p> <p>Report about the mental problems of two of his brothers so, that helped Christine</p> <p>I have been a member of Friends of the Earth, Amnesty International, Oxfam, and as a student I cared very passionately about those issues, still we already had a very strong sense of philanthropy in the business we tried to help as many as we could. So, it was very much scattered ground. Scattered ground, small helps to put through thousands over the years ... And I now work helping family businesses, I work in the art, I work with charities, I work with wellbeing, ... somewhat in politics, in green politics</p>	<p>2/5; 2/29 3/3-4 10/6ff; 11/24ff 14/31-32</p> <p>3/20-21</p> <p>4/1-4</p> <p>8/15-17</p> <p>14/17-18</p> <p>17/8; 17/23-24</p> <p>18/30-32</p> <p>19/16-18</p> <p>7/9-10; 15-17</p> <p>8/28-29</p> <p>4/10-14</p> <p>9/14-15</p> <p>11/19-20</p> <p>4/25-28</p> <p>5/6-8</p> <p>14/31-32</p> <p>9/14ff 24/18</p> <p>9/8-10</p> <p>9/29-30</p> <p>10/1-4</p> <p>23/30-32</p>

<p>Learning</p> <ul style="list-style-type: none"> • Orientation phases • About his own strengths and aims in life • About family dynamics • About confidence in d.-m. • Important knowledge for his current position • You need different experiences to be able to judge about situations 	<p>it was the idea that I would come back in six months and would be clearer. But I wasn't clearer trying to find, simultaneously, four or five new areas of work, in which I had no experience in any</p> <p>the business and the family had no history, ... or lessons learnt from the past. This is partly why we set up Scottish Family Businesses Association, to help other families to understand that these are predictable tripwires or potential failure places family issues, long-term family issues, was the cause of the business failing, a lot more than management issues.</p> <p>since I left the business I become very, very instinctive, very intuitive, very entrepreneurial. Almost cavalierly, which is maybe not healthy. But my view is based on a kind of confidence I also learnt an enormous amount how to help other family businesses</p> <p>I would never have know if that was good. Because I would have nothing to compare with</p>	<p>6/30-31</p> <p>25/29-31</p> <p>12/29 - 13/2</p> <p>14/17-19</p> <p>22/12-16</p> <p>26/12-13</p> <p>26/17ff</p>
<p>Failure as an opportunity for liberation</p>	<p>I have tended to see my brothers and sisters now moving into what they would have liked to have done I think everybody else ... recovered, and in fact some cases bloomed ..., as a result Christine always hated the family business this is an opportunity for me, with 43 I just was not in my zone. It was not my flow, logical flow. ... As I started working on things that I really cared about, and really loved, and ... then that thing called confidence just appeared, absolutely naturally The failing of the business did at least do two positive things for me: it liberated me from the business the business failing gave me ... a twin track of freedom It's been a remarkable gift for me</p>	<p>6/4-6</p> <p>14/1-3</p> <p>16/31-17/1</p> <p>20/23-24</p> <p>22/31-23/3</p> <p>23/25-</p> <p>24/24</p> <p>25/31</p>
<p>Life philosophy</p> <ul style="list-style-type: none"> • Passion • Every individual is unique 	<p>You have to be passionate to be your own self and successful.</p> <p>Every individual is unique</p>	<p>1/20-22</p>